

ACTION BY: Regional Offices  
State Educational Agencies

Nutrition Education and Training  
Program Matching Requirement

I PURPOSE

This Instruction sets forth the policy regarding the requirement that States match Federal grant funds used for administrative costs in accordance with Section 227.5(c) of the NET Program regulations.

II AUTHORITY

Public Law 95-166 amended the Child Nutrition Act of 1966 by adding Section 19 which established the NET Program. The legislation allows States to use up to 15 percent of their NET Program grant for up to 50 percent of their expenditures for NET administrative costs.

An OGC opinion regarding the State's matching requirement states: "The use of the word expenditures is an indication that a State must spend money for its overall administrative and supervisory costs." The OGC interpretation is reinforced by the following statement made on the House floor by the sponsor of the administrative costs provision, Rep. Quie (R. Minn):

"There are some other provisions which may need clarification. One is an amendment I offered to the nutrition education section which requires States to provide at least one-half the administrative funds for that program. That means cash, rather than, 'in-kind' contributions. Customarily, when we intend that matching can in part be made up of 'in-kind' contributions we spell that out in the language of the statute. Here we were dealing only with administrative costs in terms of cash outlays." (123 Cong. Rec. H11675, October 27, 1977.)

III ABBREVIATIONS

FNS - Food and Nutrition Service  
NET - Nutrition Education and Training  
OGC -Office of General Counsel  
OMB - Office of Management and Budget  
SF - Standard Form  
U.S.C. -United States Code

DISTRIBUTION: NTSD, FM, E	MANUAL MAINTENANCE INSTRUCTIONS: New Instruction. Insert in Manual.	RESPONSIBLE FOR PREPARATION AND MAINTENANCE: NTSD-200	Page 1 4-22-87
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## IV FORM

## SF-269, Financial Status Report

## V BACKGROUND

The matching provision for NET Program administrative costs is based on that portion of Public Law 95-166 which authorizes the NET Program. Therefore, it should not be confused with or compared to the matching provision of other Child Nutrition Programs.

## VI DEFINITIONS

A Administrative costs are those direct and indirect costs, allowable under OMB Circular A-87, incurred by a State agency for overall administrative and supervisory purposes, including but not limited to, cost of financial management, data processing, recordkeeping and reporting, personnel management, and supervision of the State Coordinator.

B Program costs mean costs, other than administrative costs, incurred in connection with:

- 1 The State Coordinator's salary and related support personnel costs, including fringe benefits and travel expenses;
- 2 Needs assessment and planning funds application process and conduct of the needs assessment; and
- 3 Development and implementation of the State Plan.

For additional detail on allowable administrative and program costs in the operation of the NET Program refer to FNS Instruction 796-7, Cost Principles for the Nutrition Education and Training Program.

C Cash contributions represent the State's cash outlay, including the outlay of money contributed to the State by other public agencies and institutions, private organizations, and individuals. When authorized by Federal legislation, Federal funds received from other grants may be considered as the State's cash contributions.

D In-kind contributions represent the value of noncash contributions provided by the State and non-Federal parties. Only when authorized by Federal legislation may property purchased with Federal funds be considered as the State's in-kind contributions. In-kind contributions may be in the form of charges for real property and nonexpendable personal property and the value of goods and services directly benefiting and specifically identifiable to the project or program.

E     Matching represents that portion of the project costs not borne by the Federal Government. Public Law 95-166 provides that for every Federal dollar charged for NET Program administrative costs, up to 15 percent of the total grant, a State dollar must be spent for administrative purposes.

For additional definitions applicable to matching refer to OMB Circular No. A-102, Attachment F, "Matching Share."

## VII    POLICY

States are required to use only their own cash contributions to make up their share of overall administrative and supervisory expenditures. Examples of funds that may be used to meet the matching requirement are:

A     Expenditures following State appropriations earmarked for the NET Program; and

B     Charges derived from an indirect cost plan if the State provides the portion charged to the NET Program and the funds have an audit trail.

Administrative costs charged to NET funds will be disallowed in the amount not matched.

The matching requirement does not apply to NET Programs administered by FNS Regional Offices. A/so, in accordance with 48 U.S.C. Sec. 1469a (d), American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands shall be exempt from the matching requirement if their respective expenditures are under \$200,000.

## VIII   RESPONSIBILITIES

A     State agencies shall:

1       Establish a system whereby all expended State funds counted in meeting the matching requirement prescribed in section VII, above, are accounted for and properly documented.

2       Ensure that State funds used as a match for administrative funds have an audit trail.

3       Report use of such funds in column (14) on line 10f of the SF-269.

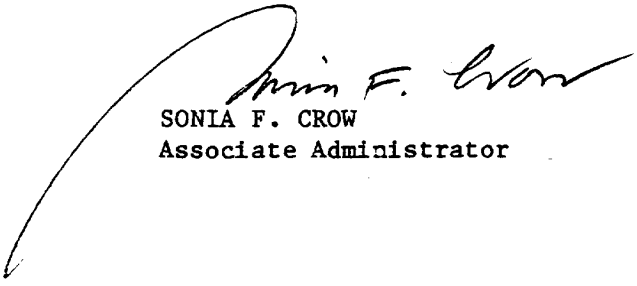
B     Regional Offices shall:

1       Ensure that States maintain documentation to support their administrative costs matching expenditures.

2 Monitor the SF-269. If it is found that an over allowance in the administrative costs category may have occurred, the Regional Administrator may suspend the State's claim on the funds. Disallowance of the funds will follow if it is determined that the claim does not meet the legislative criteria.

IX OFFICE OF MANAGEMENT AND BUDGET APPROVAL

The reporting and/or recordkeeping requirements contained herein have been approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1980.



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Associate Administrator